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Ex-CIA-official says he trusted Rewald

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Honolulu, Hawaii — Former CIA officer John C. Kindschi, of Madison, Wis., testified Thursday that he had "completely trusted" former Milwaukee businessman Ronald Rewald when they started doing business in 1978.

Kindschi, 58, and retired, said he had used Rewald to provide "light" commercial cover for CIA personnel operating from an undisclosed Far East location.

The cover consisted of a telephone number and cable address set up in the Honolulu office of Rewald's CMI Corp.

Kindschi said Rewald later had provided similar cover to another CIA officer, C.L. Richardson, by "hiring" Richardson as a consultant with CMI.

Kindschi identified dozens of declassified CIA documents describing Rewald's relationship with the agency.

They included Kindschi's own Sept. 12, 1979, cable to CIA headquarters in response to a request for a new assessment of Rewald.

In the cable, Kindschi praised Rewald highly and passed on claims supported only by a few newspaper clippings of past successes in the sports and business world. Kindschi described Rewald as a champion pole vaulter and sprinter, professional water-skier, professional football player, hang-glider, pilot and scuba diver.

In business, Kindschi said, Rewald was the owner and operator of a chain of 12 sporting goods stores throughout the Midwest and a principal founder of an investment company whose clients included widows, corporate executives and Hollywood personalities, including Elvis Presley.

Kindschi, a native of Platteville, Wis., and a graduate of the University of Wisconsin — Madison, is a key prosecution witness in the trial of Rewald on 98 federal counts of fraud, tax evasion and perjury.

Rewald has admitted taking \$22 million from investors under false pretenses, but has said the money was used to maintain his CIA cover as a wealthy businessman and that he believed the CIA would reimburse all funds spent on its behalf.

The perjury charges against Rewald are based on his sworn statements that the CIA set up and directed the Honolulu investment firm of Bishop Baldwin Rewald Dillingham & Wong. The other four names were fictitious, taken from the names of prominent Hawaii families.

Earlier Thursday, Kindschi's predecessor as chief of the public CIA field office in Honolulu testified that Rewald was a "walk-in" who had volunteered his services to the CIA July 30, 1978.

Eugene J. Welch said Rewald had shown promise as a citizen contact for the CIA because he said he would be traveling to Japan and China in connection with his sporting goods business.

But Welch denied Rewald's sworn statements that Welch had helped set up the Bishop Baldwin firm and its fictitious history and offers of 26% interest to investors.

Welch said he had met Rewald only twice, then introduced him to Kindschi when Welch retired from the office.

Kindschi said he and his wife, Helen, soon became close personal friends with Rewald, Rewald's wife, and their five children. The friendship was based in large part on the two men's Wisconsin background, Kindschi said.